

Statement of Bennett Raley
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U.S. Department of the Interior
before the U.S. House of Representatives
Subcommittee on Water and Power
Operations of the Water Delivery System in California

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Chairman Calvert, members of the Subcommittee, I appreciate the opportunity to appear before you to discuss the operation of the Central Valley Project (CVP) in 2002. Mr. Chairman, my testimony will focus on the challenge we all face of making decisions that will improve water supplies and the environment, and generate the positive results that we expect from the CALFED program. I look forward to working with this Committee and all our fellow CALFED agencies to achieve our goals.

Before I discuss these challenges, I would like to remind the Subcommittee what Secretary Norton said in a July, 2001 appearance before the Senate Energy and Natural Resources Committee. She called the CALFED process "a new approach to reaching a common vision of actions needed for progress." The Secretary also pledged that the Department would "continue to work through the CALFED process to improve the environment and increase the system's water management flexibility." Let me reiterate that sentiment today and clarify that the Department is committed to making CALFED work for the long term. The fundamental tenet of Balanced Progress which guides the CALFED program can be achieved by undertaking actions that can improve project operations while accomplishing our environmental objectives simultaneously. Much work is needed to meet the long-term challenges that both the Department of the Interior and the citizens of California face in satisfying the growing demands for water and other benefits created by the water management infrastructure in California.

Background

CVP operations have been altered dramatically in the last decade. Considerable new demands were placed on the system and significant adverse consequences occurred in a major portion of the project. The challenges we face are clear. As you are aware, increasing demand and hydrologic conditions, as well as implementation of the Central Valley Project Improvement Act (CVPIA), the Endangered Species Act (ESA), and the Clean Water Act, impact the ability of the project to meet its contractual obligations. Long-term operations of the project, as displayed in the CVPIA Programmatic Environmental Impact Statement and described in the related Record of Decision (ROD), will result in shortages across all service areas and all types of water service provided by this project.

The CALFED Objective

The CALFED Record of Decision states in part:

"It is also anticipated that implementation of Joint Point of Diversion, operational flexibility, interagency cooperation, EWA implementation, and other cooperative water management actions.....will result in normal years in an increase to CVP south-of-delta agricultural water service contractors of 15 percent (or greater) of existing contract totals to 65 to 70 percent."

Fundamentally, the CALFED Framework Agreement and ROD recognized the disproportionate impacts of the current operating regime on south of Delta contractors and established operational goals for the CALFED agencies, the State water project, and the CVP, in particular, to meet. We are now tasked with implementing these goals, and I believe their implementation has the potential to be as challenging as the development of these goals. The special challenges that we face today in meeting the needs of the Californians who rely on the CVP in the delta export service area will be the focus of my comments.

Current Forecast

The Mid-Pacific Region of the Bureau of Reclamation, in its preliminary analysis determined that in a median precipitation year, the south-of-delta agricultural contractors should expect only a 45 percent water supply - which is 15 - 20 percent less than was the target which was identified in the CALFED ROD for a "normal" year.

Concern with the results of this analysis prompted Reclamation to launch an intensive effort to match deliveries in 2002 with those targeted in the ROD. Additional staff have been committed to assist the Central Valley Operations Office in analyzing the preliminary operations plan and to develop actions which may increase the water supply south of the Delta. In addition, extensive discussions are ongoing in California between the Bureau and the other key CALFED agencies (USFWS, NMFS, DWR and CA Fish and Game).

Reclamation has assessed possible actions to address the situation:

- Actions for which Interior could exercise discretion
- State or other entity actions that may facilitate improved CVP operations (State and CALFED actions)
- Actions available at significant cost (actions that have a higher cost associated with them)

Reclamation is looking at all the possible actions, but is concentrating on those that have the greatest promise for 2002. For example, Reclamation staff are working with the contractors to better forecast demands and delivery scheduling and to better forecast storage in San Luis Reservoir at the low point.

Reclamation has also been meeting with the San Luis and Delta Mendota Water Authority to investigate installing a temporary intertie between the Delta Mendota Canal and the State Aqueduct to increase export capability at the Tracy Pumping Plant to its permitted capacity. In investigating the intertie, the parties identified and are pursuing an alternative of raising the lining of a 2,500 foot reach of the Delta Mendota Canal to recover freeboard and capacity in the canal at a fraction of the cost of constructing the intertie. Other actions involving water acquisition, demand source shifting by third parties, and use of non-project storage that are not being pursued at this time because of the high cost.

The Department is developing its approach to implementing the recent ruling of the Federal Court on the Department's responsibilities under the CVPIA and will adhere to the Court's decision in developing

operational plans for 2002.

When Reclamation can assign certainty to the actions and include them in the 2002 operations plan, the resulting water supply improvements will be reflected in the CVP allocations. Although much more work remains to be done, even if we are successful in implementing all of the actions identified above, the best it appears we will be able to do is achieve water delivery increases 10 or 15 percent more south of the Delta. We are not satisfied with the current situation in the CVP. We know the customers are frustrated with the shortages and uncertainty over how the project will be operated. We are hopeful that the measures taken to improve the ecosystem (\$390 million CVPIA and CALFED restoration funds spent to date) and the significant redirection of water to improve fish and wildlife will in fact work. Although, the results we are all looking for may take years if not decades to attain.

Tomorrow, February 15, 2002, Reclamation will announce the initial allocations of CVP water supply to its contractors for the 2002 contract year. I understand that CVP contractors north of the Delta will receive a full supply and that CVP contractors south of the Delta will experience shortages due to legal and technical restrictions on the operation of the export pumps. This problem must be solved. And it must be done in a cooperative effort by all Federal and State agencies involved in the CALFED Program as well as through working with the contractors and other stakeholders whose cooperation was so instrumental in getting agreement on the ROD and other progress to date. Interior will continue to work through the CALFED process to increase the system's water management flexibility while we work to improve the environment. We will also pursue actions on our own and with our contractors, to the extent practicable, to achieve CALFED goals.

Next Steps: Operations Decisions

Mr. Chairman, the situation we face today is nearly identical to that which we have faced in every mid-February for the past five or more years. However, in most years, it was mother nature that provided the solution in the form of wet conditions. That may or may not happen this year. We recognize that waiting for adequate rainfall is not an acceptable management approach.

Therefore, Mary Nichols, the California Secretary of Resources and I will be convening a multi-day meeting of the CALFED leadership to complete the operating plan for 2002 by mid March. We intend to resolve issues, make decisions and move this process forward. We will keep this committee informed of our progress.

In my few months on the job, I have encountered a number of inconsistent or conflicting views on what this language means. Some of the views I have heard include:

- "The Federal government made a commitment to reach the 65-70 percent delivery levels."
- "There is no way these levels can be met because the objective was based on modeling and real world conditions are not conducive to optimized models."
- "The modeling assumed the aggressive exercise of discretion to reach the delivery levels."
- "Supply objectives can not be realized without significant changes to the CALFED environmental baseline, particularly changes in how the 800,000 acre feet of CVPIA (B2) water for the environment are managed."
- "If changes are made in the CALFED environmental baseline, reconsultation will be required on the Biological Opinions."

- "We were told the supply objective could be met without altering the B2 accounting methodology."
- "Interior must use its administrative discretion to meet the ROD objective."

Based on what I have heard and read to date, here are my conclusions:

- The Bureau of Reclamation and the CALFED agencies must strive to meet the south-of-delta supply objectives in the ROD.
- It may not be possible to achieve the supply objectives south of the Delta with the existing operating restrictions.
- Failure to achieve this goal could have widespread adverse consequences on the future of the CALFED Program.
- The long term certainty that communities and customers had hoped for has yet to be realized and short term water supply needs have not been fully satisfied. Simply put, there is no certainty that either the reliability or productivity of the water infrastructure has increased.
- When both reservoir storage and snowpack levels are above average, and the initial forecast projects a 55% shortage for more than 1 million acres of farmland, the commonly heard refrain that California's water system is broken appears accurate.

Mr. Chairman, the challenges that confront us in the immediate issue of 2002 project operations are similar in nature to the broader set of issues we face as we evolve the CALFED program from one of planning to one of implementation. We have the Implementation Memorandum of Understanding in place that will guide our actions. By working together, we are putting work programs into action that I believe will lead to the realization of the long term benefits and expectations of the CALFED program.

Long-Range Planning

Mr. Chairman, we continue to believe the long-term answers to the challenges of adequate water supplies and effective environmental improvement can best be found through the CALFED Program. Everyone's interest is served by the success of CALFED. At the same time, we realize that a significant amount of work, work that is fully compatible with CALFED, needs to be accomplished. The most significant opportunities for yield increases are associated with storage and conveyance projects identified in the CALFED ROD.

On a parallel track to identifying and implementing tools to improve 2002 allocations, Reclamation is also supplementing the analysis in the CVP Least-Cost Yield Increase Plan which focuses on opportunities to increase the yield of the CVP that was dedicated to fish and wildlife purposes under the CVPIA. Reclamation is also working directly with CVP south-of-Delta contractors on an Integrated Resources Plan, which looks at locally implementable water supply and conservation projects, socio-economic analyses associated with water supply, and the impacts of proposed water supply projects on drainage in the region. Finally, we are reinitiating our work to consider the possibility of a large scale land retirement program that could yield water supply, reliability and improved water quality along with environmental benefits throughout the San Joaquin Valley.

That concludes my testimony. I would be pleased to answer any questions you may have.

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